



## **SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION**

October 15, 2010

### **LETTER FOR SECRETARY OF DEFENSE**

**SUBJECT: Guidance Needed for Use of Residual Iraqi Vested and Seized Asset Funds (SIGIR 11-002)**

This letter addresses the Special Inspector General for Iraq Reconstruction's (SIGIR) review of U.S. government agencies' accounting for the \$2.651 billion in vested and seized asset funds and planned uses for at least \$47.4 million in unobligated funds remaining in accounts within the U.S. government. The Department of Defense (DoD) has generally maintained an accurate accounting of the funds; however, there is a difference of \$10.7 million between the Army's and Department of the Treasury's accounting systems for seized assets. Neither the vested nor seized asset funds have been used since at least 2007 and DoD does not have plans to use the funds that remain in these accounts.

Vested assets are defined as those Iraqi funds that had been frozen in U.S. bank accounts since the first gulf war and then later transferred to U.S. government accounts. Seized assets are defined as those Iraqi assets obtained from non-U.S. banks and from certain Iraqi state or regime-owned property confiscated by Coalition forces and transferred to U.S. government accounts. U.S. government agencies received about \$2.651 billion of these funds comprising about \$1.724 billion from vested assets and about \$0.927 billion from seized assets. DoD was responsible for planning and accounting for the use of these funds consistent with Presidential direction that they be used to assist the Iraqi people and support the reconstruction of Iraq.

The Deputy Chief Financial Officer, Office of the Undersecretary of Defense (Comptroller) provided written comments to a draft of this report. The Deputy Chief Financial Officer concurred with the report and its recommendations. The Comptroller's office agreed to (1) direct the Assistant Secretary of the Army (Financial Management and Comptroller) to work with the Department of Treasury to reconcile differences in seized asset account balances and (2) issue guidance concerning the final use and ultimate disposition of remaining vested and seized asset funds.

### **Background**

In separate decisions made between March 20, 2003, and April 30, 2003, DoD was granted authority to use and account for vested and seized Iraqi assets. In an Executive Order dated March 20, 2003, the President officially confiscated and vested the blocked and previously frozen Iraqi funds held in U.S. bank accounts to the Department of Treasury (Treasury).<sup>1</sup> There was about \$1.724 billion of assets vested by this order. On April 10, 2003, the Secretary of the Treasury, using the authority in the Executive Order, delegated responsibility for determining

<sup>1</sup> Executive Order 13290: "Confiscating and Vesting Certain Iraqi Property."

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appropriate uses of vested funds and making payments from the vested asset account proceeds to the Secretary of Defense. Later, a Presidential Memorandum for the Secretary of Defense dated April 30, 2003, assigned authority to the Secretary to seize, sell, and administer former state- and regime-owned Iraqi property including cash, artwork, and jewels confiscated by coalition forces.<sup>2</sup> Both the Executive Order and the Memorandum specified that vested and seized asset funds were to provide assistance to the Iraqi people or support Iraq reconstruction.

On May 29, 2003, the Deputy Secretary of Defense delegated the authorities in the Executive Order and Presidential Memorandum for administering and accounting for vested and seized Iraqi property to the Administrator, Coalition Provisional Authority (CPA) for a one-year period. An attachment to the Deputy Secretary's Memorandum stated that the assets were to be administered and accounted for under controls equivalent to those applicable to U.S. appropriated funds. Appropriated funds generally have a specific period during which time obligations<sup>3</sup> can be made. Any funds that are unobligated after this period expire and cannot be used for new obligations, but instead can be used to pay for increases in other existing obligations for an additional period of time that is designated in the appropriation. After this second period ends, U.S. agencies return any remaining funds to the Treasury. However, the vested and seized funds were available for obligation over an indefinite period and consequently have no defined timeline for returning unused funds either to the Treasury or the Iraqi government.

On July 31, 2003, the Under Secretary of Defense (Comptroller) issued implementing guidance entitled "Appendices for Procedures Applicable to Vested and Seized Iraqi Property" that assigned the CPA responsibility for identifying projects benefiting the Iraqi people. The CPA was directed to work with Iraqi authorities to identify these projects. The Under Secretary's guidance also assigned responsibilities for managing these funds to the Department of the Army (Army). Specifically, it authorized the Army Budget Office to distribute and oversee the funds and assigned the Army Central Command (ARCENT) responsibility for establishing necessary financial management and reporting controls over these assets. The Defense Finance and Accounting Service (DFAS) assumed responsibility for maintaining the accounting database and preparing necessary financial reports. Treasury inputs this information into its Government Wide Accounting system to track and report on monetary assets of U.S. government agencies.

The authorities delegated to the CPA expired one year later on May 29, 2004. The CPA disbanded in June 2004. ARCENT continued to monitor how the funds were obligated and expended, and DFAS continued to report on the status of Iraqi vested and seized asset funding. See Appendix B for a chronology of key dates leading to the availability of Iraqi vested and seized asset funds.

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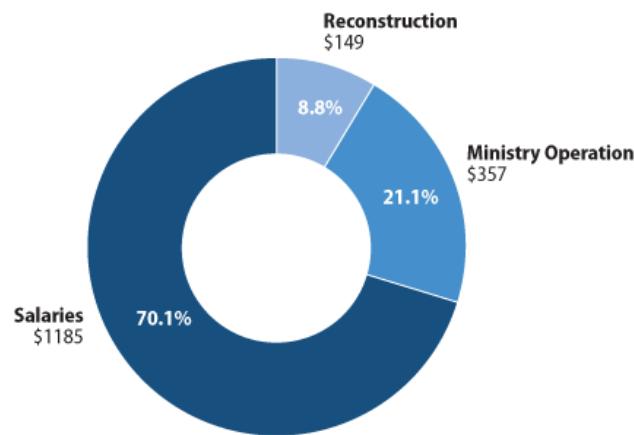
<sup>2</sup> Presidential Memorandum for the Secretary of Defense: "Certain State- or Regime-owned Property in Iraq."

<sup>3</sup> Obligations are generally established when an agent of the federal government enters into a legally binding agreement to purchase specific goods and services. As bills are received and payments are made, the recorded obligation is reduced by the amount of the payment, and the amounts paid are considered expended.

## Uses of Vested and Seized Asset Funds

About 98% of the funds from the vested and seized accounts have been spent on various relief and reconstruction activities. Most of the funds, about \$2.5 billion (94%), were spent by September 30, 2004. About \$105 million was spent between October 1, 2004 and July 31, 2010. Figures 1 and 2 show the breakdown of how the vested and seized money was used. As shown in Figure 1, the vested funds were primarily used to pay Iraqi civil servant salaries and ministry operations. The remainder was used for reconstruction projects.

**Figure 1—Vested Funding Expenditures by Sub-category (\$ in millions)**

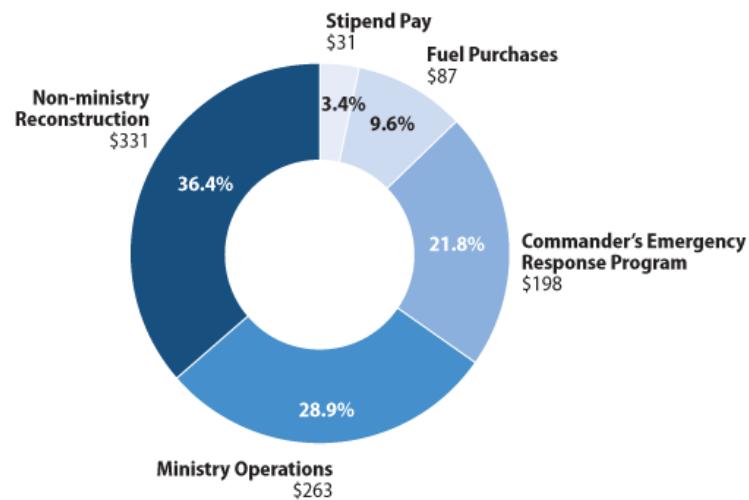


Source: SIGIR analysis of DoD data as of July 31, 2010

As shown in Figure 2, the largest single category of expenditure from the seized asset funding was non-ministry reconstruction projects. The second largest category was ministry operations and the remainder was used to support the Commander's Emergency Response Program<sup>4</sup> and for fuel purchases.

<sup>4</sup> In 2004, the Commander's Emergency Response Program was funded with seized asset funds as well as Development Fund for Iraq and U.S.-appropriated funds. This report updates the amount of seized funds used for this program that was previously reported in *Management of Commander's Emergency Response Program for Fiscal Year 2004*, SIGIR 05-014, 10/13/2005.

**Figure 2—Seized Funding Expenditures by Sub-category (\$ in millions)**



Source: SIGIR analysis of DoD data as of Jul 31, 2010.

The objectives for this report were to determine whether DoD organizations established controls to account for and track obligations, expenditures, and remaining unobligated vested and seized asset funds; and to determine whether DoD has plans to use unexpended vested and seized asset monies.

## Accounts Established To Track and Report on Vested and Seized Asset Funding

The Army established controls to account for the vested and seized asset funds by creating separate accounts to track and report on obligations, expenditures, and remaining unobligated fund balances. From the beginning, the Army produced monthly accounting reports showing balances in each of these accounts. The separate accounts were approved by Treasury, in collaboration with the Office of Management and Budget (OMB).

The Army established a general fund account to track Iraqi vested asset fund obligations and expenditures.<sup>5</sup> The account was established and approved by OMB on April 11, 2003, the same day the Army received its first cash shipment of vested funds from the Executive Office of the President. General fund accounts are normally established to record expenditures of amounts appropriated by Congress. According to Treasury and Army representatives, the account was established in this instance for the sole purpose of monitoring Iraqi funds that had been confiscated and turned over to the U.S. Treasury.

<sup>5</sup> Treasury account number 21X2089 was established to account for vested asset funds made available to the Army. A separate account—21X1096—also entitled Iraq Relief and Reconstruction, Army, was established to monitor receipts, obligations, and expenditures for funds appropriated by the U.S. Congress. SIGIR is currently reviewing the status of these appropriations.

Similarly, the Army established two deposit fund accounts to record Iraqi seized assets and their obligations and expenditures.<sup>6</sup> OMB approved the establishment of the deposit fund accounts on June 1, 2003. Treasury Financial Manual Volume 1, Part 2, Chapter 1500 states that deposit fund accounts are used to record funds that do not belong to the Federal government, where the government is acting solely as a banker, fiscal agent, or custodian. Since the end of fiscal year 2003, the Army, with support from the Defense Finance and Accounting Service, has produced monthly appropriation status reports summarizing obligations, expenditures, un-liquidated obligations (i.e. unpaid obligations), and remaining unobligated funding for both the vested and seized asset disbursement account. The account transactional data also feeds into Treasury's Government Wide Accounting system, which produces quarterly reports showing account balances for the seized and vested asset accounts.

SIGIR compared the current balances on the Army's appropriation status reports for vested and seized assets to the balances shown in the Treasury Department's Government Wide Accounting system records. SIGIR found that the balances for the vested assets were in agreement but we could not reconcile the balances for the seized asset accounts, and neither the Army nor Treasury had previously attempted to reconcile these balances. The Army account shows a remaining balance of about \$47.4 million whereas the Treasury accounts show a remaining balance of \$10.7 million. Specifically, as shown in Table 1, the Army records show no money in the collection account, but Treasury records show \$10.7 in that account. Based on SIGIR's analysis, it appears that the problem resides within the Treasury accounts.

Since the end of Fiscal Year 2004, vested and seized account balances have remained relatively constant, with changes generally related to the de-obligation of unused funds and payments of outstanding un-liquidated obligations. For example, in June 2010, ARCENT de-obligated vested asset funding totaling \$900,160 because officials could not find documentation to support that these funds were obligated. Also in April 2010, DFAS, at the request of ARCENT, processed a \$6.8 million payment to the Department of Justice for services provided under a military interdepartmental purchase request issued in December 2004.<sup>7</sup> Later in June 2010, the Department of Justice returned \$932,000. These payments were provided to the Department of Justice to reimburse the agency for support it provided to an Iraqi Special Tribunal in exhuming bodies from several mass grave sites and for building a forensic laboratory. Officials told us the longstanding claims had not been paid due to mistakes in the detailed accounting codes and difficulties identifying correct locations of bill paying offices that were relocated after work on the purchase request had been completed.

## No Plans for Spending Remaining Vested and Seized Asset Funds

SIGIR found that the Army has no plans in place to spend the \$47.4 million remaining in the vested and seized accounts as of July 31, 2010. There was a process in place giving the CPA

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<sup>6</sup>Deposit fund account number 21X6095 was established to record and account for collection of assets seized by the coalition forces, and deposit fund account number 21X6098 was established to record obligations and expenditures of funds made available to U.S. agencies in support of Iraqi assistance projects.

<sup>7</sup> The Economy Act 31 U.S.C. section 1535 provides authority for DoD components to purchase goods and services from other federal agencies.

responsibility and authority to identify projects for using vested and seized assets. During the tenure of the CPA, Iraqi Ministry officials and Coalition commanders were responsible for requesting funding from the Vested and Seized Asset accounts to accomplish CPA projects. Requests for funding were submitted to a Program Review Board that would prioritize and make recommendations to the CPA Administrator. When the CPA was disbanded, no new organization was designated to identify new projects and spend remaining funds. Therefore, vested funds have not been used since Fiscal Year 2005, and seized funds have not been used since Fiscal Year 2007.

The remaining \$47.4 million in unobligated funds is available for new projects. An additional \$2.2 million is being held to pay expenditures from existing obligations. While these unspent funds remain available for obligation over an indefinite timeframe, Army Budget Office officials told us they have no plans to use any of the remaining Iraqi funds. Army Budget Office representatives also stated that they are currently working with ARCENT to validate and complete payment on remaining un-liquidated obligations. After the remaining un-liquidated obligations are satisfied, the Army plans to seek guidance from the DoD and the Office of Management and the Budget in the Executive Office of the President regarding the use and final disposition of the remaining Iraqi funds. Table 1 provides a breakdown of remaining funds for each account.

**Table 1—Funds Remaining in Army Vested and Seized Accounts**

Account Symbol	Description	Unpaid Obligations	Unobligated	Remaining Balance
21X2089 <sup>a</sup>	Vested Asset Expenditure	\$209,000	\$33,390,000	\$33,599,000
21X6095 <sup>b</sup>	Seized Asset Collection	\$0	\$0	c
21X6098 <sup>b</sup>	Seized Asset Expenditure	\$1,958,000	\$14,021,000	\$15,979,000
<b>Total</b>		<b>\$2,167,000</b>	<b>\$47,411,000</b>	<b>\$49,578,000</b>

**Notes:**

<sup>a</sup> Treasury general fund account number.

<sup>b</sup> Treasury deposit fund account number.

<sup>c</sup> Treasury accounts show a balance of \$10.7 million, Army accounts do not.

*Source: SIGIR analysis of DoD and Department of Treasury documentation as of July 31, 2010.*

## Conclusions

DoD established controls over the vested and seized assets but has not issued guidance on how to use remaining funds. Collectively, the general fund account established for the vested asset funds and the deposit fund accounts established for the seized asset funds provide key financial management controls over the account balances. This enabled the Army to maintain accurate accountability and routinely report on the obligation and expenditures of vested and seized asset funding. However, the Treasury's Government Wide Accounting system shows \$10.7 million in the Seized Asset Collection account that is not shown in Army accounts. It appears that the

problem resides within the Treasury accounts, but SIGIR was unable to determine the underlying cause of the difference.

However, at least \$47.4 million has remained in these accounts for at least two years or more—since 2005 for vested assets and 2007 for seized assets—and according to Army budget officials, there are no plans to spend these funds. Guidance established by the President in 2003 requiring that these funds be used to assist the Iraqi people and/or support the reconstruction of Iraq has not been modified since the dissolution of the CPA and remains in effect. However, DoD has not designated another organization nor established a process for working with the Iraqi ministries to identify new projects for funding in order to spend the remaining balances. Therefore, it is not clear that the funds remaining in these accounts are needed, given the limited usage of these funds over the last two years, and the funds could remain in these accounts indefinitely. There are a number of alternative uses of these remaining funds including identifying projects to help the Iraqi people or returning the funds to the Iraqi government.

## **Recommendations**

SIGIR recommends that the Secretary of Defense direct the:

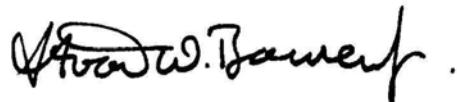
1. Under Secretary of Defense (Comptroller) to reconcile the differences in seized asset account balances between the Army and Treasury.
2. Under Secretary of Defense (Comptroller) to either issue new guidance to work with the Government of Iraq to use the remaining funds to benefit the Iraqi people or seek new guidance from the Office of the President to clarify the disposition of these funds, to include the possibility of returning these funds to the Iraqi government.

## **Management Comments and Audit Response**

The Deputy Chief Financial Officer, Office of the Undersecretary of Defense (Comptroller) provided written comments to a draft of this report. The comments are reprinted in their entirety in Appendix E. The Deputy Chief Financial Officer concurred with our recommendations and sited specific actions the DoD plans to take. For example, the Deputy Chief Financial Officer will direct the Assistant Secretary of the Army (Financial Management and Comptroller) to work with the Department of the Treasury to reconcile differences in seized asset account balances. In addition, the Deputy Chief Financial Officer agreed to work with the Under Secretary of Defense (Policy) and other U.S. agencies as appropriate to determine if there is a foreseeable need for remaining funds, establish a date after which no new obligations can be created against the vested and seized asset accounts, and authorize procedures for returning residual funds to the Government of Iraq. The Deputy Chief Financial Officer stated that all actions would be completed by March 2011. SIGIR believes the identified actions, if implemented as planned, will address SIGIR's concerns.

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We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact Glenn D. Furbish, Assistant Inspector General for Audits (Washington, DC), (703) 604-1388/ [glenn.furbish@sigir.mil](mailto:glenn.furbish@sigir.mil) or Jason Venner, Principal Deputy Assistant Inspector General for Audits (Washington, DC), (703) 607-1346/ [jason.venner@sigir.mil](mailto:jason.venner@sigir.mil).



Stuart W. Bowen, Jr.  
Inspector General

cc: U.S. Secretary of State  
U.S. Ambassador to Iraq  
U.S. Secretary of the Treasury  
Commander, U.S. Central Command  
Commanding General, U.S. Forces-Iraq

## **Appendix A—Scope and Methodology**

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In May 2010, the Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 1016, as part of a series of audits concerning the effectiveness of the Department of Defense's (DoD) procedures to account for and report on the status of Iraqi funds. Our objectives for this report are to determine whether DoD organizations established controls to account for and track obligations, expenditures, and remaining vested and seized asset funding; and whether DoD has plans to use unexpended vested and seized asset monies. This audit was performed under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. SIGIR conducted its work from May 2010 through September 2010 primarily in the Washington, D.C. area, with site visits to Defense Finance and Accounting Service (DFAS) activities in Rome, New York and Indianapolis, Indiana.

To accomplish our objectives we held discussions and analyzed documents provided by officials from the U. S. Department of the Treasury, the Office of the Secretary of Defense (Comptroller), the Army Budget Office under the Assistant Secretary of the Army (Financial Management and Comptroller), the Army Central Command (ARCENT) and the DFAS. We also reviewed prior audit reports regarding vested and seized asset funding and guidance specified by an Executive Order dated March 20, 2003 and a Presidential Memorandum dated April 30, 2003. We did not examine the extent to which the Coalition Provisional Authority (CPA) and its predecessor administrative and contracting organizations handled and safeguarded cash that came under their control or the manner in which initial funds from vested and seized asset accounts was distributed and expended on specific humanitarian assistance and reconstruction projects. Instead we relied upon the comments and conclusions in prior audit reports which revealed past problems with regard to funding accountability.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

### **Use of Computer-processed Data**

To identify the amount of vested and seized asset funding remaining in DoD's accounts, we obtained and reviewed a variety of computer-generated reports. We reviewed appropriation status reports generated by the Defense Finance and Accounting Service (DFAS) for account symbols 21X2089 and 21X6098 and account balance information for the 21X6095 seized asset collection account generated by the Treasury Department's Government Wide Accounting system. We then cross checked these reports against the balances of ARCENT's accounts and DFAS's supporting documentation. Although we did not independently verify the detailed computer-generated information, we held discussions with responsible Army representatives who ensured us that the computer-processed data was the best available source of information for tracking vested and seized asset funds. We concluded that the computer-generated reports were sufficiently reliable to support our audit objectives.

## **Internal Controls**

In conducting this audit, we reviewed DoD's internal management and financial controls for administering and reporting on the status of vested and seized asset funds. For example, we reviewed administrative and management control procedures specified by executive order and Presidential Memorandum. Nevertheless, we concluded that controls governing the process for regular and routine reporting on vested and seized asset funding status were sufficiently reliable to identify remaining balances of vested and seized asset funds. We presented the results of our review on internal controls in the body of this report as appropriate.

## **Prior Coverage**

We reviewed the following audit reports issued by SIGIR, DoD, and the U.S. Army Audit Agency:

### ***Special Inspector General for Iraq Reconstruction***

*Development Fund for Iraq: Department of Defense Needs To Improve Financial and Management Controls*, SIGIR 10-020, 7/27/10.

*Development Fund for Iraq: Policy Guidance Needed To Enhance Accountability of USACE-managed Funds*, SIGIR 10-006, 10/29/2009.

*Management of Commander's Emergency Response Program for Fiscal Year 2004*, SIGIR 05-014, 10/13/2005.

*Coalition Provision Authority Control Over Seized and Vested Assets*, SIGIR 04-008, 7/28/2004.

### ***Department of Defense***

*Internal Controls Over Payments in Iraq, Kuwait and Egypt*, Department of Defense, Inspector General, Report No. D-2008-098, 5/22/2008.

### ***U.S. Army Audit Agency***

*Accounting for Seized Assets and Development Fund for Iraq Balances*, USAAA, Audit Report: A-2008-0109-FFM, 5/22/2008.

## Appendix B—Key Dates Leading to Availability of Iraqi Vested and Seized Asset Funding

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**Table 2—Key Dates Leading to Availability of Vested and Seized Funds**

Date	Description
August 3, 1990	Executive Order 12722 blocks Iraqi property held within the U.S.
March 20, 2003	Executive Order 13290 confiscates and vests blocked funds in the Department of the Treasury. Order specifies that funds are to be used to assist the Iraqi people and the reconstruction of Iraq.
April 10, 2003	Secretary of the Treasury designates the Secretary of Defense to determine appropriate uses of vested funds and make payments from the proceeds.
April 11, 2003	OMB approves general fund account 21X2089 to track distribution of vested funds. New account title was assigned as Iraq Relief and Reconstruction, Army. First shipment of \$20 million in U.S. currency sent to Iraq.
April 30, 2003	Presidential Memorandum assigns authority to Secretary of Defense for seizure, sale, and administration of state- or regime-owned Iraq property and provides direction to establish procedures to ensure all such property is properly accounted for, audited, and used only to assist the Iraqi people.
May 28, 2003	OMB approves deposit fund accounts 21X6095 to account for collections of seized asset funds and 21X6098 to account for disbursements of seized asset funds.
May 29, 2003	Deputy Under Secretary of Defense delegates authority for seizure, sale, and administration of state- or regime-owned Iraq property to the Administrator of the Coalition Provisional Authority for a one-year period.
July 31, 2003	Under Secretary of Defense issues implementing guidance entitled “Appendices for Procedures Applicable to Vested and Seized Iraqi Property.”
May 5, 2003 through October 19, 2003	Cash shipments of U. S. currency to Iraq continue for combined total of about \$1.7 billion. <i>Note: about \$986.1 million (57.2% of the total) had been shipped to Iraq before the Under Secretary issued the implementing guidance.</i>
June 4, 2003 through July 30, 2004	Funding authorizations to expend seized asset funds totaling \$836.8 million provided to Army Central Command and \$90 million to the Army Corps of Engineers. <i>Note: about \$490.2 million (about 52.9% of the total) had been authorized before the Under Secretary issued implementing guidance.</i>

**Note:**

OMB = Office of Management and Budget

Source: SIGIR analysis of DoD documents as of July 31, 2010.

## Appendix C—Acronyms

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Acronym	Description
ARCENT	Army Central Command
CPA	Coalition Provisional Authority
DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
SIGIR	Special Inspector General for Iraq Reconstruction

## **Appendix D—Audit Team Members**

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This report was prepared and the audit conducted under the direction of Glenn D. Furbish, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the review and contributed to the report include:

Benjamin H. Comfort

M. Glenn Knoepfle

James F. Shafer

Jason G. Venner

L. Michael Welsh

## Appendix E—Management Comments



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

COMPTROLLER

OCT 12 2010

### MEMORANDUM FOR ASSISTANT SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION AUDITS

SUBJECT: Comments to Draft Audit Report, "Guidance Needed for Use of Residual Iraqi  
Vested and Seized Asset Funds" (SIGIR 11-002)

This memorandum forwards the Under Secretary of Defense (Comptroller) response  
to the subject draft Special Inspector General for Iraq Reconstruction report, dated  
September 24, 2010 (Attachment 1). We concur overall with the report.

We appreciate the opportunity to comment on the draft audit report. My staff point of  
contact is Ms. Audrey Clark. She can be reached at 703-602-0370 or audrey.clark@osd.mil.

Mark E. Easton  
Deputy Chief Financial Officer

Attachment:  
As stated

**SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION (SIGIR)**  
**DRAFT REPORT - DATED SEPTEMBER 24, 2010**  
**SIGIR 11-002**

**"GUIDANCE NEEDED FOR USE OF RESIDUAL IRAQI VESTED AND SEIZED ASSET FUNDS"**

**OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
(OUSD)(C) COMMENTS TO THE SIGIR RECOMMENDATIONS**

SIGIR recommends that the Secretary of Defense direct the:

**RECOMMENDATION 1:** Under Secretary of Defense (Comptroller) to reconcile the difference in seized asset account balances between the Army and Treasury.

**OUSD(C) RESPONSE:** Concur. The Deputy Chief Financial Officer will direct the Assistant Secretary of the Army (Financial Management and Comptroller) to work with the Department of the Treasury to reconcile the difference in seized asset account balances between the Army and the Treasury in accordance with the *Department of Defense Financial Management Regulation*, Volume 4, Chapter 2, Section 0207, "Fund Balance with Treasury Reconciliations." Estimated completion date is March 2011.

**RECOMMENDATION 2:** Under Secretary of Defense (Comptroller) to either issue new guidance to work with Iraqi ministries to use the remaining funds to benefit the Iraqi people or seek new guidance from the Office of the President to clarify the disposition of these funds, to include the possibility of returning these funds to the Iraqi government.

**OUSD(C) RESPONSE:** Concur. The Deputy Chief Financial Officer will work with the Office of the Under Secretary of Defense (Policy) and the Assistant Secretary of the Army (Financial Management and Comptroller) and other U.S. agencies as appropriate to: (1) determine if there is a foreseeable need for the remaining funds; (2) establish an end date after which no new obligations can be created against the Vested and Seized Assets accounts; and (3) authorize procedures for the return of residual funds to the Government of Iraq. Estimated completion date is March 2011.

Attachment 1

## **Appendix F—SIGIR Mission and Contact Information**

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<b>SIGIR's Mission</b>	Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective: <ul style="list-style-type: none"><li>• oversight and review through comprehensive audits, inspections, and investigations</li><li>• advice and recommendations on policies to promote economy, efficiency, and effectiveness</li><li>• deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse</li><li>• information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports</li></ul>
<b>Obtaining Copies of SIGIR Reports and Testimonies</b>	To obtain copies of SIGIR documents at no cost, go to SIGIR's Web site ( <a href="http://www.sigir.mil">www.sigir.mil</a> ).
<b>To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs</b>	Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline: <ul style="list-style-type: none"><li>• Web: <a href="http://www.sigir.mil/submit_fraud.html">www.sigir.mil/submit_fraud.html</a></li><li>• Phone: 703-602-4063</li><li>• Toll Free: 866-301-2003</li></ul>
<b>Congressional Affairs</b>	Hillel Weinberg Assistant Inspector General for Congressional Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 400 Army Navy Drive Arlington, VA 22202-4704 Phone 703-428-1059 Email <a href="mailto:hillel.weinberg@sigir.mil">hillel.weinberg@sigir.mil</a>
<b>Public Affairs</b>	Deborah Horan Director of Public Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 400 Army Navy Drive Arlington, VA 22202-4704 Phone: 703-428-1217 Fax: 703-428-0817 Email: <a href="mailto:PublicAffairs@sigir.mil">PublicAffairs@sigir.mil</a>

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